EXHIBIT 6
DATE 4/6/11
SB 426

SB426– Treasure State Taxpayer Dividend Program–Contingent Tax Rebates From Surplus Unbudgeted Revenue (Sen. Joe Balyeat)

What it does?

If there is no excess revenue, there is no commitment and no cost. But if we have unanticipated windfall revenue; if revenues exceed the budgeted estimate by more than 106%, then the excess over that 106% will be shared with the taxpayers -- 50% to taxpayers, 50% government keeps. Take a look at your diagram. If revenue comes in as expected, or even slightly above expectation; then the taxpayers don't get anything back, and the cost is zero. But if we get unexpected revenue, after government keeps a 6% cushion (fun money), ½ of the windfall surplus is given back to taxpayers in direct proportion to their property taxes and income taxes paid.

This is a statutory referendum... so I'm asking you to let the people vote on it. Are you FOR or AGAINST contingently providing taxpayers a refund of surplus state government revenue thru a tax credit based upon property taxes and income taxes paid?

Why this is a good idea?

1) Its good politics. A former governor by the name of Racicot was faced with a situation where his administration had unexpected windfall revenue, which was over and above the budget. He decided that the best thing to do with the surplus was give it back to the taxpayers. They actually sent out rebate checks, and he coined the phrase -- *"The taxpayers didn't tell us to keep the change."* That governor soon found himself with an approval rating well above 90%. This bill is very good politics.
2) More importantly, SB 426 is very good policy.
   A) It helps us deal with the recurring problem of structural imbalance. Our non-partisan Legislative Fiscal Division tells us its very bad fiscal policy to fund open-ended expansions of government programs with one-time revenue, because next session the program will still be there demanding funding, and the funding's gone. Many of you have heard me say, "It really doesn't matter what your religion, if you truly want eternal life... just become a government program. Programs are eternal, and we're setting ourselves up for disaster if we use one-time windfall revenue to fund expansions of those perpetual programs. This bill mitigates against that by using half that one-time revenue to fund one-time tax refunds instead. And I'd argue that that's the very best thing you can do from a policy perspective with one-time windfall revenue – give it back to the taxpayers, or at least half of it.
   B) Revenue sharing works in the private sector... I believe it also works in the public sector. Once this bill is passed, MT taxpayers will have a stake in resource development and economic growth. There will be a taxpayer buy-in that'll get us all on the same page working for development and growth, rather than fighting one another.
   C) I modeled this idea after what I've seen in Alaska. Many of you know I spend some time in Alaska every summer. And I've noticed a somewhat different attitude up there towards resource development and economic growth. I spend a lot of time with my cousin, fishing and such. We're kinda like the odd couple. His politics are definitely to the left, so we often have political disagreements. But interestingly enough, when it comes to resource development, he and other politically left folks up there are all for it. I believe it's because Alaska has something called the Permanent Fund Dividend, where each citizen is given a dividend check each year based upon the earnings on their fund... which accumulates based on revenue from resource development. Sometimes this check can be as much as $3000 per person. They all have a stake in economic development regardless of political philosophy, and they also all have a stake in being a public watchdog.... They know that if they keep their government operating efficiently, that there'll be more money left over for their dividend check.

Example: $2 Billion revenue estimate : of which $ .6 B prop tax ; $.4 Billion income tax.
Actual revenue comes in at $2.32 B
106% times $2 B =$ 2.12 B
Sharable surplus =$ 2.32 – $ 2.12 = $200 million. 50% gov't keeps, 50% to taxpayers = $100 Million.
Refundable % = 100M / $1B (Prop tax + Inc tax) = 10%
10% prop tax credit x .6Billion= $60Million prop tax refund. 10% income tax credit x $.4Billion = $40M inc tax credit.